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GOLDRAY MINES LIMITED

Annual Report



For the Year Ended April 30, 1970

GOLDRAY MINES LIMITED

Directors' Report

TO THE SHAREHOLDERS:

Enclosed herewith you will find Notice of Annual Meeting which is to be held in the Saskatchewan Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario on Thursday, August 27, 1970 at 10:30 a.m. The Financial Statements for the year ended April 30, 1970 are enclosed with an Information Circular and a form of Instrument of Proxy.

COLUMBIUM DEPOSIT AND EXPLORATION — JAMES BAY LOWLANDS

In view of higher prices and increased demand for Columbian a new feasibility study is being carried out on the basis of a 1,000 ton per day operation using an available grade of 0.82 $\text{C}_{60}\text{H}_{12}\text{O}_5$. It is expected that a production decision on the revised mining basis will be made within the next three or four months.

A number of anomalies indicated by an airborne survey were diamond drilled on a 64,000 acre exploratory license, some 50 miles southeast of James Bay, but nothing of economic importance was encountered. Results however, warranted further work in some areas. Ground geophysics plus some possible drilling is planned for this winter. The project participants are Imperial Oil Enterprises Limited, Consolidated Morrison Limited, Argor Exploration Limited and Goldray Mines Limited.

NORTHERN SASKATCHEWAN AND MANITOBA

The third phase of the venture with Denison Mines Limited, Roman Corporation Limited, Atlantic Richfield, International Mining and your Company (Project SAM) is in progress. It consists of further ground follow-up as well as drilling. The diamond drill program which had been suspended during completion of ground geophysics is to resume shortly. Although drilling to date has not encountered economic mineralization, indications are that the program should be continued to test additional targets of merit. In addition, further geological evaluation of the ground holdings is in progress. The areas involved have been reduced to five permits and a number of claim blocks.

A diamond drilling program has been completed on Project PINEHOUSE on the southern extension of the Wollaston structure by the original participants, Denison Mines Limited, Roman Corporation Limited, Blackhawk Mining Limited and Goldray. Phillips Petroleum did not participate in this second phase. Some mineralization was encountered, however nothing of economic importance was found. The permits have been allowed to lapse but all claim blocks have been kept in good standing and results from neighbouring properties will determine a future program.

Ground follow-up of targets indicated by an airborne survey has commenced on the VIRGIN RIVER Project held jointly by Roman Corporation, Vespar Mines Limited, Canadian Nisto Mines Limited and your Company. Two permits have been retained and a number of claim blocks staked.

NORTHWEST TERRITORIES — PADLEI AREA

Atlantic Richfield has completed the first year's work on the prospecting permit acquired by your Company, Roman Corporation Limited and Lakehead Mines Limited in accordance with their farm-out agreement. The second year's work is currently being scheduled consisting of ground follow-up on indicated targets resulting from a radiometric airborne survey flown last year.

BLIND RIVER AREA — ONTARIO

The hole being drilled by Consolidated Morrison and your Company which was suspended at a depth of 4300' has now been abandoned. This hole was stopped while in a diabase dike or sill. Results of some nearby drill holes indicated that it would not be feasible to deepen this hole. The claims in question have been allowed to lapse.

EASTMAIN RIVER AREA — QUEBEC

No work has been done during the year on claims in the Eastmain River Area of Quebec held by your Company, Roman Corporation and Canadian Nisto Mines Limited. Any positive results from adjacent properties will help in determining an exploration program.

STURGEON AREA — ONTARIO

Goldray along with Canadian Malartic, Trinity Chibougamau and Mid-Patapedia Mines each as to 25% less a vendors interest staked 18 groups totalling 302 claims as a result of an airborne electro-magnetic survey. Approximately 50 targets were located and ten of these were selected for ground geophysics and diamond drilling. An initial program of 5,000' of drilling has been completed in 14 holes. Indications of copper and zinc were encountered in a number of holes but nothing economic located. Results of this program are now being studied and further exploration would appear warranted.

WISENER LAKE — KENORA AREA, ONTARIO

Your Company jointly with Canadian Malartic Gold Mines Limited has acquired a copper-zinc prospect consisting of 10 claims. Assays from a grab sample taken from a 12 foot trench showed better than 1% copper and 7% zinc. A ground electro-magnetic survey recently completed has indicated a conductor 2,600' long. A drill program is being arranged and drilling should commence within the next month.

Your Company will continue its policy to examine and undertake exploration ventures of merit on its own account and in association with other companies.

On behalf of the Board of Directors,

MURRAY AXMITH,
President.

August 11, 1970.

GOLDRAY M

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Balance Sheet as

(With comparative fi

ASSETS

	1970	1969
CURRENT ASSETS		
Cash	\$ 14,457	\$ 7,536
Deposit receipts and short term notes	308,478	410,000
Sundry receivables	5,369	5,553
Bonds lodged with provinces (face value \$127,000)	124,561	124,561
	<u>\$ 452,865</u>	<u>\$ 547,650</u>
INVESTMENT IN OTHER COMPANIES		
Listed shares at cost (market value 1970 — \$122,310; 1969 — \$157,040)	\$ 125,315	\$ 122,865
Unlisted shares — nominal value	1	1
Investment in shares of other mining companies — nominal value	727	4,995
Investment in shares of Interprovincial Helicopter Limited — at cost	20,000	20,000
	<u>\$ 146,043</u>	<u>\$ 147,861</u>
INTEREST IN PROSPECTING SYNDICATE	—	\$ 794
HEAD OFFICE FURNITURE AND FIXTURES — at cost	<u>\$ 1,643</u>	<u>\$ 1,643</u>
MINING PROPERTIES		
Acquired for \$41,433 cash (1969 — \$38,523) and 626,623 shares of capital stock	<u>\$ 499,957</u>	<u>\$ 497,046</u>
EXPLORATION AND DEVELOPMENT INCLUDING HEAD OFFICE AND ADMINISTRATIVE EXPENSES (per attached statement)	<u>\$ 851,833</u>	<u>\$ 798,919</u>
INCORPORATION AND ORGANIZATION — at cost	<u>\$ 3,785</u>	<u>\$ 3,785</u>
	<u><u>\$1,956,126</u></u>	<u><u>\$1,997,698</u></u>

The accompanying Note to Financial Statements forms an integral part of these financial statements.

To be read in conjunction with the Auditors' Report to the Shareholders attached hereto dated July 21, 1970.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Goldray Mines Limited as at April 30, 1970 and the statements of deficit account, exploration and development, including head office and administrative expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at April 30, 1970, the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,

Toronto, Ontario,
July 21, 1970.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL,
Chartered Accountants.

MINES LIMITED

(Incorporated in the Province of Ontario)

at April 30, 1970

as at April 30, 1969)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1970	1969
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 31,427	\$ 20,669
Due to shareholders re 1942 distribution on realization of capital assets	10,120	10,120
	<u>\$ 41,547</u>	<u>\$ 30,789</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
AUTHORIZED		
5,000,000 shares of \$1 par value each		
ISSUED AND FULLY PAID		
3,009,931 shares	\$3,009,931	\$3,009,931
Less: Discount	901,204	901,204
	<u>\$2,108,727</u>	<u>\$2,108,727</u>
DEFICIT ACCOUNT (per attached statement)	(194,148)	(141,818)
	<u>\$1,914,579</u>	<u>\$1,966,909</u>
	<u>\$1,956,126</u>	<u>\$1,997,698</u>

Approved on behalf of the Board of Directors:

K. B. ANDRAS, Director.

M. AXMITH, Director.

NOTE TO FINANCIAL STATEMENTS

APRIL 30, 1970

The company owns a 25% interest in Interprovincial Helicopters Limited and has given a guarantee to the bankers of that company with respect to 25% of \$130,000 line of credit extended to that company by its bankers.

GOLDRAY MINES LIMITED

STATEMENT OF DEFICIT ACCOUNT FOR THE YEAR ENDED APRIL 30, 1970 (With comparative figures for the year ended April 30, 1969)

	1970	1969
DEFICIT — May 1	\$ 141,818	\$ 108,977
ADD: Mining properties abandoned — written off	6,123	—
Interest in Prospecting Syndicate written off	794	7,500
Exploration and development expenses applicable to mining properties abandoned	44,521	—
Investment in share of other mining companies written down to nominal value	3,273	—
Investment in shares of Midray Minerals written down to nominal value	—	27,157
Loss on sale of bonds	—	559
	<u>\$ 196,529</u>	<u>\$ 144,193</u>
LESS: Profit on sale of investments	2,381	2,375
DEFICIT — April 30	<u>\$ 194,148</u>	<u>\$ 141,818</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED APRIL 30, 1970 (With comparative figures for the year ended April 30, 1969)

	1970	1969
SOURCE OF FUNDS		
Sale of listed shares	\$ 9,120	\$ 34,702
Sale of investment in shares of other mining companies	789	—
Sale of capital stock	—	501,370
	<u>\$ 9,909</u>	<u>\$ 536,072</u>
APPLICATION OF FUNDS		
Acquisition of mining properties	\$ 9,033	\$ 24,747
Purchase of listed shares	8,984	59,488
Exploration and development, including head office and administrative expenses	97,435	72,539
Investment in shares of Interprovincial Helicopters Limited	—	20,000
Loss on sale of bond	—	559
	<u>\$ 115,452</u>	<u>\$ 177,333</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(\$ 105,543)	\$ 358,739
WORKING CAPITAL, May 1	516,861	158,122
WORKING CAPITAL, April 30	<u>\$ 411,318</u>	<u>\$ 516,861</u>

GOLDRAY MINES LIMITED

STATEMENT OF EXPLORATION AND DEVELOPMENT INCLUDING HEAD OFFICE AND ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED APRIL 30, 1970

(With comparative figures for the year ended April 30, 1969)

EXPLORATION AND DEVELOPMENT	1970	1969
PROVINCE OF ONTARIO		
James Bay Lowlands Project expenditures	\$ 25,678	\$ 38,022
Blind River Area — diamond drilling	13,888	—
Taxes and licenses	810	1,248
Wages	300	300
Engineering and consulting fees	400	729
Insurance	200	200
Red Lake Area — diamond drilling	—	2,276
Hearst Area — air survey	—	3,188
Sturgeon Lake Syndicate — airborne survey and diamond drilling	17,411	—
PROJECT PINEHOUSE		
Diamond drilling	14,452	—
VIRGIN RIVER PROJECT		
Airborne electromagnetic and radiometric survey	25,898	2,829
EASTMAIN PROJECT		
Cartographic survey and field expenses	4,112	12,590
PROJECT SASKATCHEWAN — MANITOBA		
Diamond drilling	7,204	—
OUTSIDE GENERAL EXPLORATIONS	538	4,959
	<u>\$ 110,891</u>	<u>\$ 66,341</u>
LESS: Rentals received	288	491
	<u>\$ 110,603</u>	<u>\$ 65,850</u>
HEAD OFFICE AND ADMINISTRATION		
Legal and audit	\$ 4,242	\$ 5,664
Printing and shareholders' information	2,001	3,330
Office salaries	3,279	3,021
Office rent	2,100	2,100
Administrative salary — director	8,000	2,000
Transfer agent's fees and expenses	1,801	1,987
Directors' fees	1,150	1,400
Taxes and filing fees	1,109	1,348
Office supplies and expense	1,450	1,335
Telephone and telegraph	1,036	903
Travelling expenses	1,062	841
Interest and bank charges	33	84
Canada pension plan expense	124	—
	<u>\$ 27,387</u>	<u>\$ 24,013</u>
LESS: Interest income	\$ 35,275	\$ 13,047
Dividend income	5,280	4,277
	<u>\$ 40,555</u>	<u>\$ 17,324</u>
	<u>\$ (13,168)</u>	<u>\$ 6,689</u>
TOTAL EXPENSES FOR YEAR	<u>\$ 97,435</u>	<u>\$ 72,539</u>
EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES, MAY 1	798,919	726,380
	<u>\$ 896,354</u>	<u>\$ 798,919</u>
EXPLORATION AND DEVELOPMENT EXPENSES WRITTEN OFF TO DEFICIT	(44,521)	—
EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES, APRIL 30	<u>\$ 851,833</u>	<u>\$ 798,919</u>

GOLDRAY MINES LIMITED

CAPITALIZATION

	Authorized	Issued
Common Shares	5,000,000	3,009,931

OFFICERS AND DIRECTORS

DIRECTORS

K. B. ANDRAS	Toronto, Ontario
MURRAY AXMITH	Toronto, Ontario
W. NOEL O'BRIEN	Toronto, Ontario
WALTER R. PACKMAN	Port Credit, Ontario
B. E. WILLOUGHBY	Toronto, Ontario

OFFICERS

MURRAY AXMITH	President
K. B. ANDRAS	Vice-President
WALTER R. PACKMAN	Secretary-Treasurer

TRANSFER AGENTS

Guaranty Trust Company of Canada

EXECUTIVE OFFICES

Suite 202, 220 Bay St., Toronto

**INTERIM UNAUDITED STATEMENT OF
EXPLORATION AND DEVELOPMENT
INCLUDING HEAD OFFICE AND
ADMINISTRATION EXPENSES**

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**INTERIM UNAUDITED STATEMENT OF
SOURCE AND APPLICATION OF FUNDS**

See

**GOLDRAY MINES
LIMITED**

Suite 202 - 220 Bay Street
Toronto, Ontario

Six Month Report
**FOR THE SIX MONTH PERIOD ENDED
OCTOBER 31, 1970**

For the Six Month Period Ended October 31, 1970
(With comparative figures for the six month period
ended October 31, 1969)

	1970	1969
Source of Funds		
Sale of listed shares	—	\$ 8,024
Sale of investment in shares of other mining companies	\$ 687	—
	<u>\$ 687</u>	<u>\$ 8,024</u>

Application of Funds		
Acquisition of mining claims and properties	\$ 928	\$ 2,941
Exploration and develop- ment including head of- fice and administration expenses	70,506	43,255
Loss on sale of bond . . .	37	—
	<u>\$ 71,471</u>	<u>\$ 46,196</u>

Decrease in Working Capital	\$ (70,784)	\$ (38,172)
Working Capital — May 1	<u>411,318</u>	<u>516,862</u>

Working Capital — October 31	<u>\$ 340,534</u>	<u>\$ 478,690</u>
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For the Six Month Period Ended October 31, 1970
(With comparative figures for the six month period
ended October 31, 1969)

	1970	1969
Exploration and Development		
Taxes and licenses	\$ 1,105	\$ 1,200
Insurance	100	160
James Bay Lowlands Project	—	20,758
Virgin River Project	16,603	22,643
Eastmain River Project . .	—	4,196
Wisener Lake Project	8,840	—
Pinehouse Project	7,528	—
Project Saskatchewan- Manitoba	20,751	—
Sturgeon Lake Syndicate Project	19,356	—
General Exploration	<u>—</u>	<u>1,705</u>
	<u>\$ 74,283</u>	<u>\$ 50,662</u>
Less: Rentals received . . .	<u>500</u>	<u>—</u>
	<u>\$ 73,783</u>	<u>\$ 50,662</u>

Head Office Administration		
Office salaries	\$ 1,513	\$ 1,672
Office rent	1,050	1,232
Legal and audit	1,484	1,629
Directors' fees	600	700
Telephone	395	401
Office supplies and expenses	419	419
Transfer agent's fees and expenses	1,140	787
Printing and shareholders' information	1,173	1,487
Taxes and filing fees	1,020	163
Administrative salary — director	4,000	4,000
	<u>\$ 12,794</u>	<u>\$ 12,490</u>
Less: Interest income	<u>\$ 13,387</u>	<u>\$ 17,252</u>
.. Dividend income	<u>2,684</u>	<u>2,645</u>
	<u>\$ 16,071</u>	<u>\$ 19,897</u>

**Total Head Office and
Administration Expenses .** \$ (3,277) \$ (7,407)

**Total Exploration,
Development and Ad-
ministration Expenses** \$ 70,506 \$ 43,255

GOLDRAY MINES LIMITED

REPORT TO THE SHAREHOLDERS

For the Six Month Period Ended

October 31, 1970

TO THE SHAREHOLDERS:

We present herewith the unaudited Statement of Exploration and Development including Head Office Expenses and the Source and Application of Funds for the six month period ended October 31, 1970 with comparative figures for the same period of 1969.

Columbium Deposit — James Bay Lowlands

A decision as to the development and production of the Columbium deposit is dependent on suitable demand and price for Columbium as well as general economic conditions. The outlook for Columbium is improving and these factors are constantly being reviewed.

Further work has been scheduled for the winter months on an exploratory permit Southeast of James Bay. The work will consist of airborne and ground geophysics to be followed by diamond drilling if warranted. The project participants are Imperial Oil Enterprises Limited, Consolidated Morrison Limited, Argor Explorations Limited and Goldray Mines Limited.

Northwest Territories — Padlei Trend

The second year's work on this permit has been completed on the farm-out to Atlantic Richfield. The ground follow-up did not indicate any significant targets, therefore no further work is planned.

Northern Saskatchewan and Manitoba

Exploration re Project SAM is continuing. All permits are being allowed to lapse and claim blocks have or are being staked to acquire the more favourable ground. The program will consist of detailed geophysics and geological ground work to be followed by diamond drilling where warranted. The project participants are Denison Mines Limited, Roman Corporation Limited, Atlantic Richfield, International Mining and Goldray Mines Limited.

Ground geophysical and geological follow-up of targets indicated by airborne surveys was completed on the Virgin River project held jointly by Roman Corporation, Vespar Mines Limited, Canadian Nisto Mines Limited and Your Company. Subsequent investigation of specific ground electromagnetic conductors by geochemical techniques has indicated anomalous metal concentrations on several targets. The two permits are being allowed to lapse, however, the favourable areas are being staked. A program of evaluation of these targets by trenching and diamond drilling is being recommended to the participants.

Sturgeon Area — Ontario

Goldray along with Canadian Malartic, Trinity Chibougamau and Mid-Patapedia Mines jointly hold 311 claims, comprising 18 groups, in the Sturgeon Area. A limited diamond drilling program has been completed, however, numerous targets still remain to be tested. Discussions are in progress in an effort to arrange a farm-out agreement with another mining company.

Wisener Lake — Kenora Area, Ontario

Your Company along with Canadian Malartic Gold Mines Limited completed a diamond drill program to test a conductor that appeared to be related to a surface showing. The drilling results indicated the conductor to be caused mainly by graphite, however, a parallel zone of zinc and

copper mineralization close to the graphite horizon was found to extend for a length of at least 1,600'. The drilling to date has intersected this zone at a shallow depth only, with the best section assaying 10.8% Zinc, 0.21% Copper over 3'. Further geophysics and deeper diamond drilling is warranted. Discussions are being held with a major mining company to undertake this work.

On behalf of the Board of Directors.

M. AXMITH,
President.

Toronto, Ontario.
December 8, 1970.

GOLDRAY MINES LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of the shareholders of Goldray Mines Limited (the "Company") will be held at the Saskatchewan Room, Royal York Hotel, Front Street West, Toronto, Ontario, on Thursday, the 27th day of August, 1970, at the hour of 10:30 o'clock in the forenoon (Toronto time) for the following purposes:

1. To receive and consider the balance sheet of the Company as at April 30, 1970 and the related statements thereto for the year ended April 30, 1970 together with the respective reports of the directors and the auditors on the said balance sheet and statements.
2. To elect directors.
3. To appoint auditors and to authorize the directors to fix their remuneration.
4. To transact such other business as may properly come before the said meeting or any adjournment thereof.

DATED at Toronto, Ontario, this 7th day of August, 1970.

By Order of the Board,

W. R. PACKMAN,
Secretary.

GOLDRAY MINES LIMITED

INFORMATION CIRCULAR

This circular is furnished in connection with the solicitation of proxies by the management of Goldray Mines Limited (hereinafter sometimes called the "Company") for use at the annual meeting of the shareholders of the Company to be held on Thursday, the 27th day of August, 1970, at the Saskatchewan Room, Royal York Hotel, Front Street West, Toronto, Ontario, for the purposes set forth in the foregoing notice of meeting.

RIGHT OF REVOCATION

A shareholder executing the enclosed proxy has the power to revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment thereof at which the proxy is to be used or with the chairman of such meeting on the day of the meeting or adjournment thereof, and upon either of such deposits the proxy is revoked.

PERSONS MAKING SOLICITATION AND METHOD THEREOF

The enclosed proxy is solicited by the management of the Company and the cost of solicitation will be borne by the Company. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Company at nominal cost.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only shareholders of the Company of record at the time of the meeting will be entitled to vote at the annual meeting. Each share of the Company is entitled to one vote. The Company has only one class of shares. At August 7, 1970, the Company had outstanding 3,009,931 shares, with a par value of \$1 each, all as fully paid.

To the knowledge of the directors or senior officers of the Company, the following were at August 7, 1970, the only beneficial owners, directly or indirectly of equity shares of the Company which carry more than 10% of the voting rights attached to all equity shares of the Company:

<u>Name of shareholder</u>	<u>Approximate number of shares</u>	<u>Percentage of outstanding equity shares represented</u>
Denison Mines Limited	325,000	10.8%

ELECTION OF DIRECTORS

There are presently five (5) directors of the Company. The Shareholders at the annual meeting will be asked to elect five (5) directors. Management proposes to nominate the following persons for election as directors, namely: K. B. Andras, M. Axmith, W. Noel O'Brien, W. R. Packman, and B. E. Willoughby. Proxies received by management will be voted for the election of all of the foregoing.

The term of office for each director is from the date of the meeting at which he is elected until the annual meeting next following or until his successor is elected or appointed. All of the foregoing are presently directors of the Company. In the event that prior to the annual meeting any vacancies occur in the slate of nominees submitted herewith, it is intended that discretionary authority shall be granted to vote the proxy for the election of any other person or persons as directors. The management is not presently aware that any of such nominees would be unwilling to serve as a director if elected.

Murray Axmith is the President, K. B. Andras is the Vice-President, and W. R. Packman is the Secretary-Treasurer of the Company at present.

INFORMATION CONCERNING NOMINEES AS DIRECTORS

<u>Name and Principal Occupation</u>	<u>Period(s) served as a director</u>	<u>Shares beneficially owned directly or indirectly as of August 7, 1970</u>
KENNETH B. ANDRAS, President, Andras, Hatch & Hetherington Ltd., Chairman of the Board, Bartlett, Cayley & Co. Ltd., Toronto.	Since Nov. 10, 1959	3,001
MURRAY AXMITH, President, Goldray Mines Limited.	Since Nov. 10, 1959	199,116
W. NOEL O'BRIEN, Mining Engineer, Denison Mines Limited, Toronto.	Since May 17, 1968	1
WALTER R. PACKMAN, Vice-President, Conduflor Canada Limited, Cooksville, Ontario.	Since Aug. 24, 1962	4,001
BERTRAM E. WILLOUGHBY, Real Estate Broker, President, Gibson, Wiloughby Limited, Toronto.	Since 1958	51,001

All nominees have held the principal occupations indicated for more than the last five years, except that Mr. O'Brien prior to September, 1966 was employed by National Asbestos Limited, Thetford, P.Q.

REMUNERATION OF MANAGEMENT

During the fiscal year ended April 30, 1970, the aggregate direct remuneration paid by the Company to directors and senior officers was \$9,150.00. During the said year the Company paid \$2,100.00 to Paxland Company Limited for head office rental. Murray Axmith and W. R. Packman aforesaid, who are officers and directors of the Company, are officers, directors and shareholders of Paxland Corporation Limited.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to re-appoint the firm of Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, of Toronto, the present auditors, as the auditors of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON AND DISCRETIONARY AUTHORITY

Management is not now aware that any matters will be submitted to the forthcoming annual meeting of shareholders other than the receipt of the aforesaid balance sheet and related statements, the election of directors and the appointment of auditors, all as referred to in the foregoing notice of meeting. If any other matters not now known to management shall properly come before the meeting, including a vacancy or vacancies caused by one or more of the nominees for directors becoming unavailable for election, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy, and discretionary authority necessary in such event is conferred by any person giving the proxy to management.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's last completed financial year the Company has entered into certain mineral exploration projects which in the opinion of management have or will materially affect the Company.

The Company has a one-third net interest, subject to a reserved prospector interest, in a Prospecting Permit held under the Canada Mining Regulations and covering approximately 80,000 acres in the Northwest Territories. Roman Corporation Limited and Lakehead Mines Limited have similar one-third net interests. The Permit has been farmed out to Atlantic Richfield Company for exploration.

A one-third interest, along with Roman Corporation Limited and Canadian Nisto Mines Limited is held in some 1,360 claims staked in the Eastmain River area of New Quebec following the flying of airborne surveys.

The Company has a one-fourth net interest, subject to a reserved prospector interest, in some 300 mining claims in the Sturgeon Lake region, Patricia Mining Division, Ontario. Canadian Malartic Gold Mines Limited, Trinity Chibougamau Mines Limited and Mid-Patapedia Mines Limited have similar one-fourth net interests.

The Company, along with Canadian Malartic Gold Mines Limited is conducting exploration of a mineral prospect near Wisener Lake in the Kenora Mining Division of Ontario.

Murray Axmith, the President and a director of the Company is the President, a director and a shareholder of Canadian Malartic Gold Mines Limited and W. Noel O'Brien, a director of the Company, is a director and a shareholder of Canadian Malartic. Mr. O'Brien is the President, a director and a shareholder of Trinity Chibougamau Mines Limited. W. R. Packman, a director and the Secretary-Treasurer of the Company is a director and a shareholder of Mid-Patapedia Mines Limited. Denison Mines Limited, referred to above in this Information Circular as the beneficial owner of in excess of 10 per cent of the issued shares of the Company is understood by management of the Company to be a substantial shareholder of Argosy Mining Corporation Limited and Lakehead Mines Limited.

To the extent that any other director or senior officer of the Company has any interest in any of the companies named above as participating with the Company in the said exploration projects, such interest is as a shareholder of one or more of such companies. In the opinion of management based on information furnished to it by the directors and senior officers, any such interest is not large enough to be material.

MANNER OF VOTING PROXIES

The shares represented by proxies received by the management will be voted, and will be voted in accordance with the statements made above. The accompanying instrument of proxy, if signed, dated and returned to the Company prior to the meeting duly completed in the names of the persons therein named, will be voted for the election of the board of directors and in favour of the appointment of auditors aforesaid, all as set forth above. It is not intended to use the proxy for the purpose of voting upon the financial statements of the Company for the year ended April 30, 1970 and the reports of the directors and auditors thereon.

THE PERSONS NAMED IN THE ACCOMPANYING INSTRUMENT OF PROXY ARE OFFICERS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT ANY PERSON OTHER THAN THOSE NAMED TO REPRESENT HIM AT THE MEETING AND IF USING THE ACCOMPANYING INSTRUMENT, SHOULD STRIKE OUT THE PRINTED NAMES AND INSERT THE NAME OF HIS NOMINEE IN THE SPACE PROVIDED THEREFOR. A SHAREHOLDER MAY SUBMIT ANY OTHER APPROPRIATE INSTRUMENT OF PROXY.

DATED as of this 7th day of August, 1970.